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7 OCT 1963

MEMORANDUM FOR: The Comptroller

FROM : Chief, Budget Division

SUBJECT : Budgetary Reporting and Supporting Accounting Data

1. With reference to our several discussions on the above subject, the matter of accurate, meaningful and timely accounting data continues to plague the Division. It was anticipated that beginning with Fiscal Year 1964 this problem would in great measure, have been resolved by our awareness of inadequacies and the application of machine techniques. The results through the first two months of this year have been unsatisfactory. As you know, no consolidated obligational report was available for the month of July and the August report was not available until it was distributed to the offices during the week of 16 September. This timing does not enable the Agency to fulfill its reporting responsibilities to the Bureau of the Budget by the 20th of the month. Errors in the August report were sufficiently numerous to preclude its usefulness and as a result the report was rerun on 26 September.

2. In seeking a solution to this problem members of the Budget Division met on 26 September with members of the Fiscal Division and [] who 25X1A9A has been spear-heading the application of machine methods to the vouchered accounts. Specific troublesome areas were reviewed and it was agreed that items of vouchered information required for reporting, in addition to those being produced automatically, would be restated to the Fiscal Division in memorandum form. With respect to errors on the Consolidated reports, these require individual treatment by the division concerned (Fiscal or Finance). No determination was reached on the over-all difficulty of issuing erroneous reports to office users, and making no corrections until the next monthly report is distributed. In this connection the Accounting Staffs might be well advised to consider the value of preliminary runs followed by reconciliation prior to issuance of monthly reports.

3. One point which remains painfully clear, is that at present with the dissolution of the Financial Analysis Staff, there is no focal point at which the responsibility for the accuracy of combined vouchered and unvouchered reports is assumed. The Budget Division, as one user of these reports is not in a position to assume this responsibility, nor does the function logically belong here. Ideally, a third-person objective review and follow-up are required.

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4. Discussions on the ultimate goal of the revised accounting techniques, affirmed it to be a long-term one directed toward more accurate reports and a more fully integrated system which will assure the compatibility of vouchered and unvouchered accounting data. At this point in time, the several studies made by the Budget Division and fully coordinated with [] and Machine Records Division, appear to be the only advances which have been made toward synchronizing the allotment and cost data with the budgetary data. In order to realize any significant refinements of accounting information during Fiscal Year 1965 it is necessary that policies be established and ground-work toward that end be laid immediately. It is recognized that the period of transition is, of necessity, a difficult one, but the concern remains that any end product bears the burdens of built-in omissions or lack of foresight.

5. It is my proposal that:

- 1) machine programs be stepped up immediately to accommodate the need for accounting data supporting budgetary categories by activity;
- 2) the required time sequence which will provide management and reporting data for Fiscal Year 1965 and forward be determined and action assigned;
- 3) immediate steps taken to assure the adequacy of Agency accounting reports; and
- 4) in recognition of the problems encountered by accounting staffs and machine limitations, as the result of organizational changes, that code number changes be limited to twice a year. This applies only to the changing of existing code numbers and does not have any bearing on new numbers.

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